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& Business Consultants

*A Partnership Consisting of
Professional Associations*

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December 22, 2009

Sumter County Board of County Commissioners
Bushnell, Florida

We are pleased to confirm our understanding of the services we are to provide for Sumter County for the years ending September 30, 2010, 2011, and 2012.

We will audit the basic county-wide financial statements and the special purpose financial statements of each of the Constitutional Officers.

Audit Objectives

The objective of our audit is the expression of an opinion as to whether the financial statements are fairly presented, in all material respects, in conformity with generally accepted accounting principles and to report on the fairness of additional information when considered in relation to the financial statements taken as a whole. The objective also includes reporting on –

- Internal control related to the financial statements and compliance with laws, regulations, and the provisions of contracts or grant agreements, noncompliance with which could have a material effect on the financial statements in accordance with *Government Auditing Standards*.
- Internal control related to major programs and an opinion (or disclaimer of opinion) on compliance with laws, regulations, and the provisions of contracts or grant agreements that could have a direct and material effect on each major program in accordance with the Single Audit Act Amendments of 1996, OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and the Florida Single Audit Act.

The report on internal control and compliance will include a statement that the report is intended for the information and use of management, specific legislative or regulatory bodies, federal and state awarding agencies, and if applicable, pass-through entities.

Our audit will be conducted in accordance with generally accepted auditing standards; the rules of the Auditor General; the standards for financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; the Single Audit Act Amendments of 1996; the provisions of OMB Circular A-133; and the Florida Single Audit Act, and will include tests of accounting records, a determination of major program(s) in accordance with Circular A-133 and the Florida Single Audit Act, and other procedures we consider necessary to enable us to express such an opinion and to render the required reports. If our opinion on the financial statements or the Single Audit compliance opinion is other than unqualified, we will fully discuss the reasons with you in advance. If, for any reason, we are unable to complete the audit or are unable to form or have not formed an opinion, we may decline to express an opinion or to issue a report as a result of this engagement.

Management Responsibilities

Management is responsible for establishing and maintaining internal control and for compliance with the provisions of contracts, agreements, and grants. In fulfilling this responsibility, estimates and judgments by management are required to assess the expected benefits and related costs of the controls. The objectives of internal control are to provide management with reasonable, but not absolute, assurance that assets are safeguarded against loss from unauthorized use or disposition, that transactions are executed in accordance with management's authorizations and recorded properly to permit the preparation of financial statements in accordance with generally accepted accounting principles, and that federal and state award programs are managed in compliance with applicable laws and regulations and the provisions of contracts and grant agreements.

Management is responsible for making all financial records and related information available to us. We understand that you will provide us with such information required for our audit and that you are responsible for the accuracy and completeness of that information. We will advise you about appropriate accounting principles and their application and will assist in the preparation of your financial statements, including the schedule of expenditures of federal and state awards, but the responsibility for the financial statements remains with you. That responsibility includes the establishment and maintenance of adequate records and effective internal control over financial reporting and compliance, the selection and application of accounting principles, and the safeguarding of assets. Additionally, as required by OMB Circular A-133 and the Florida Single Audit Act, it is management's responsibility to follow up and take corrective action on reported audit findings and to prepare a summary schedule of prior audit findings and a corrective action plan.

As part of our engagement we may propose standard, adjusting, or correcting journal entries to your financial statements. You are responsible for reviewing the entries and understanding the nature of any proposed entries and the impact they have on the financial statements. Further, you are responsible for designating a qualified management-level individual to be responsible and accountable for overseeing these services and any nonattest services that we perform.

Audit Procedures – General

An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements; therefore, our audit will involve judgment about the number of transactions to be examined and the areas to be tested. We will plan and perform the audit to obtain reasonable rather than absolute assurance about whether the financial statements are free of material misstatement, whether caused by error or fraud. As required by the Single Audit Act Amendments of 1996, OMB Circular A-133, and the Florida Single Audit Act, our audit will involve judgment about the number of transactions related to major federal and state award programs for compliance with applicable laws and regulations and the provisions of contracts and grant agreements. Because of the concept of reasonable assurance and because we will not perform a detailed examination of all transactions, there is a risk that material errors, fraud, other illegal acts, or noncompliance may exist and not be detected by us. In addition, an audit is not designed to detect errors, fraud, or other illegal acts that are immaterial to the financial statements or to major programs. However, we will inform you of any material errors and any fraud that comes to our attention. We will also inform you of any other illegal acts that come to our attention, unless clearly inconsequential. We will include such matters in the reports required for a Single Audit.

Our responsibility as auditors is limited to the period covered by our audit and does not extend to matters that might arise during any later periods for which we are not engaged as auditors.

Our procedures will include tests of documentary evidence supporting the transactions recorded in the accounts, and may include tests of the physical existence of inventories, and direct confirmation of receivables and certain other assets and liabilities by correspondence with selected individuals, creditors, and financial institutions. We will request written representations from your attorneys as part of the engagement, and they may bill you for responding to these inquiries. At the conclusion of our audit, we will require you to furnish us a letter (commonly referred to as a management representation letter) confirming your responsibility for your financial statements and certain other items and matters related to them. By signing this engagement letter and furnishing a management representation letter, you agree to indemnify us and hold us harmless for any liability and costs arising from known misrepresentations by management.

Audit Procedures – Internal Controls

In planning and performing our audit, we will consider the internal control sufficient to plan the audit in order to determine the nature, timing, and extent of our auditing procedures for the purpose of expressing our opinions on the financial statements and on compliance with requirements applicable to major programs.

We will obtain an understanding of the design of the relevant controls and whether they have been placed in operation, and we will assess control risk. Tests of controls may be performed to test the effectiveness of certain controls that we consider relevant to preventing and detecting errors and fraud that are material to the financial statements and to preventing and detecting misstatements resulting from illegal acts and other noncompliance matters that have a direct and material effect on the financial statements. Tests of controls relative to the financial statements are required only if control risk is assessed below the maximum level. Our tests, if performed, will be less in scope than would be necessary to render an opinion on internal control and, accordingly, no opinion will be expressed in our report on internal control issued pursuant to *Government Auditing Standards*.

As required by OMB Circular A-133 and the Florida Single Audit Act, we will perform tests of controls to evaluate the effectiveness of the design and operation of controls that we consider relevant to preventing or detecting material noncompliance with compliance requirements applicable to each major federal and state award program. However, our tests will be less in scope than would be necessary to render an opinion on those controls and, accordingly, no opinion will be expressed in our report on internal control issued pursuant to OMB Circular A-133 and the Florida Single Audit Act.

An audit is not designed to provide assurance on internal control or to identify reportable conditions. However, we will communicate any matters involving internal control and its operation that we consider to be reportable conditions under standards established by the American Institute of Certified Public Accountants. Reportable conditions involve matters coming to our attention relating to significant deficiencies in the design or operation of the internal control that, in our judgment, could adversely affect the County's ability to record, process, summarize, and report financial data consistent with the assertions of management in the financial statements. We will also inform you of any nonreportable conditions or other matters involving internal control, if any, as required by OMB Circular A-133 and the Florida Single Audit Act.

Audit Procedures – Compliance

Our audit will be conducted in accordance with the standards referred to in the section titled Audit Objectives. As part of obtaining reasonable assurance about whether the financial statements are free of material misstatement, we will perform tests of the County's compliance with applicable laws and regulations and the provisions of contracts and agreements, including grant agreements. However, the objective of those procedures will not be to provide an opinion on overall compliance and we will not express such an opinion in our report on compliance issued pursuant to *Government Auditing Standards*.

OMB Circular A-133 and the Florida Single Audit Act require that we also plan and perform the audit to obtain reasonable assurance about whether the auditee has complied with applicable laws and regulations and the provisions of contracts and grant agreements applicable to major programs. Our procedures will consist of the applicable procedures described in the *OMB Circular A-133 Compliance Supplement* and the *State of Florida Compliance Supplement*. The purpose of those procedures will be to express an opinion on the County's compliance with requirements applicable to major programs in our report on compliance issued pursuant to OMB Circular A-133 and the Florida Single Audit Act.

Audit Administration, Fees, and Other

We understand that your employees will assist in preparing cash, accounts receivable, or other confirmations we request and will locate any invoices selected by us for testing.

At the conclusion of the engagement, it is management's responsibility to submit the reporting package (including financial statements, schedule of expenditures of federal awards, summary schedule of prior audit findings, auditors' reports, and a corrective action plan) along with the Data Collection Form to the designated federal clearinghouse and, if appropriate, to pass-through entities. The Data Collection Form and the reporting package must be submitted within the earlier of 30 days after receipt of the auditors' reports or nine months after the end of the audit period, unless a longer period is agreed to in advance by the cognizant or oversight agency for audits. It is also management's responsibility to submit the reporting package pursuant to the Florida Single Audit Act. At the conclusion of the engagement, we will provide information to management as to where the audit reports and reporting packages should be submitted and the number to submit.

The workpapers for this engagement are the property of Davis Monk & Company and constitute confidential information. However, we may be requested to make certain workpapers available to granting agencies pursuant to authority given by law or regulation. If requested, access to such workpapers will be provided under the supervision of Davis Monk & Company personnel. Furthermore, upon request, we may provide photocopies of selected workpapers to granting agencies. They may intend, or decide, to distribute the photocopies or information contained therein to others, including other governmental agencies.

The workpapers for this engagement will be retained for a minimum of five years after the date the auditors' report is issued or for any additional period requested by granting agencies. If we are aware that a federal or state awarding agency, pass-through entity, or auditee is contesting an audit finding, we will contact the party(ies) contesting the audit finding for guidance prior to destroying the workpapers.

Our invoices will be rendered periodically as work progresses and are due and payable pursuant to Chapter 218, Florida Statutes.

Our fees will be as follows:

	<u>2010</u>	<u>2011</u>	<u>2012</u>
Base fee for audit of financial statements pursuant to <i>Government Auditing Standards</i> and rules of the Auditor General	\$ 105,500	\$ 109,000	\$ 113,000
Audit of Federal financial assistance programs pursuant to OMB Circular A-133	10,000	10,500	10,000
Audit of State financial assistance pursuant to the Florida Single Audit Act	6,000	6,500	7,000
Preparation of State of Florida Annual Financial Report; attestation reports on County-funded court costs and FDEP financial responsibility	--	--	--
TOTAL	<u>\$ 121,500</u>	<u>\$ 126,000</u>	<u>\$ 130,000</u>

Our fee quotes are based on anticipated cooperation from your personnel and the assumption that unexpected circumstances will not be encountered during the audit. If significant additional time is necessary, we will discuss the reasons with you and arrive at a new fee estimate before we incur the additional costs.

Pursuant to Section 218.391, Florida Statutes, this contract contains a renewal provision. The County has the right, in its discretion, to extend this agreement for additional three-year terms beyond the initial three years.

For additional services outside the scope of this agreement, the fees will be negotiated separately.

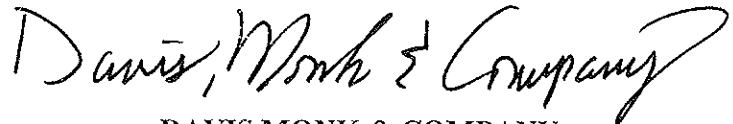
Government Auditing Standards require that we provide you with a copy of our most-recent quality control review report. Our most recent peer review report accompanies this letter.

In the event that we fail to render accounting services for which we have been engaged, the County may cancel and terminate this agreement upon the giving of thirty (30) days public notice.

Sumter County Board of County Commissioners
Bushnell, Florida
December 22, 2009

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We appreciate the opportunity to be of service to Sumter County and believe this letter accurately summarizes the significant terms of our engagement. If you have any questions, please let us know. If you agree with the terms of our engagement as described in this letter, please sign one of the copies and return it to us, and this letter will continue in effect until canceled by either party.



DAVIS MONK & COMPANY
CERTIFIED PUBLIC ACCOUNTANTS

RESPONSE:

This letter correctly sets forth the understanding of
Sumter County

By: _____

Title: _____

Date: _____



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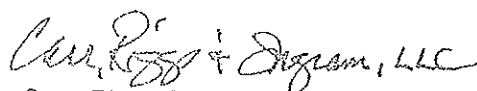
September 26, 2008

To the Partners of
Davis, Monk & Company
and the Center for Public Company Audit Firms Peer Review Committee

We have reviewed the system of quality control for the accounting and auditing practice of Davis, Monk & Company (the firm) applicable to non-SEC issuers in effect for the year ended February 29, 2008. The firm's accounting and auditing practice applicable to SEC issuers was not reviewed by us since the Public Company Accounting Oversight Board (PCAOB) is responsible for inspecting that portion of the firm's accounting and auditing practice in accordance with PCAOB requirements. A system of quality control encompasses the firm's organizational structure and the policies adopted and procedures established to provide it with reasonable assurance of complying with professional standards. The elements of quality control are described in the Statements on Quality Control Standards issued by the American Institute of Certified Public Accountants (the AICPA). The design of the system, and compliance with it, are the responsibilities of the firm. Our responsibility is to express an opinion on the design of the system, and the firm's compliance with that system based on our review.

Our review was conducted in accordance with standards established by the Peer Review Committee of the Center for Public Company Audit Firms and included procedures to plan and perform the review that are summarized in the attached description of the peer review process. Our review would not necessarily disclose all weaknesses in the system of quality control or all instances of lack of compliance with it since it was based on selective tests. Because there are inherent limitations in the effectiveness of any system of quality control, departures from the system may occur and not be detected. Also, projection of any evaluation of a system of quality control to future periods is subject to the risk that the system of quality control may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

In our opinion, the system of quality control for the accounting and auditing practice applicable to the non-SEC issuers of Davis, Monk & Company in effect for the year ended February 29, 2008 has been designed to meet the requirements of the quality control standards for an accounting and auditing practice established by the AICPA, and was complied with during the year then ended to provide the firm with reasonable assurance of complying with applicable professional standards.


Carr, Riggs & Ingram, LLC